

January 9, 2015

**SUMMARY TERM SHEET PREPARED BY THE STATE OF
NORTH CAROLINA**

Sale of Dorothea Dix Property

The following is a summary of the principal terms with respect to a proposed sale (the "Transaction") by the State of North Carolina to the City of Raleigh (together, the "Parties") of the 307.95 +/- acres of property known as the Dorothea Dix property ("Property"). This summary of terms is intended solely as a basis for further discussions and is not intended to be and does not constitute a legally binding obligation of the proposed Parties. Any legally binding obligations will only be made pursuant to definitive agreements to be negotiated and executed by the Parties thereto.

Property	The 307.95 +/- acres of land (net of railroad right of way) and existing improvements, known as the Dorothea Dix property, located on the south side of Western Boulevard east of Centennial Boulevard in Raleigh.
Parties	The State of North Carolina (the "State") and the City of Raleigh (the "City"); collectively the "Parties".
Purchase Price	\$52,000,000 (Fifty-Two Million Dollars) for a fee simple interest.
Lease-Back	<p>The City will lease 90 +/- acres east of the railroad back to the State for 10 years for \$1 per year. The City will lease i) 26 +/- acres west of the railroad and ii) the 1.5 acres that contains the Williams Building and appurtenant parking areas back to the State for 25 years for \$1 per year.</p> <p>During the term of the Lease-Back Agreement, the State assumes all costs and liability associated with the use and occupancy of the leased premises, including but not limited to deferred maintenance costs for existing buildings and parking areas. The Property will revert to the City in an "as-is" condition.</p>

Environmental Liability	<p>i. The City will accept all environmental conditions and liabilities.</p> <p>ii. Prior to the conveyance of title, the N.C. Department of Environmental and Natural Resources ("DENR") will furnish a letter confirming that the Property has been remediated to standards acceptable for recreational use.</p> <p>iii. The site known as Area 5 North shall be remediated to a standard acceptable to both Parties. The Parties will share the actual remediation costs equally, provided that the State's share shall not exceed \$600,000.</p> <p>iv. Notwithstanding the above, the City will not assume any responsibilities held by the State under N.C. General Statute §130A-310 et seq. regarding the site known as Old Raleigh Landfill #1.</p>
Railroad Right-of-Way	The State agrees to convey by quit claim deed whatever interest it may have in, over and upon the Norfolk Southern right-of-way that bisects the Property.
Further Sales by City	Should the City at any point after the Transaction is completed sell to an unrelated third party any of the Property, the City shall share any gains equally with the State. For the purpose of calculating the gain, the City's per-acre basis shall be determined by dividing the total purchase price by the total acreage conveyed in this Transaction; however, the value of the landfill (as determined by the existing appraisals) will be subtracted from the numerator and the landfill acreage will be subtracted from the denominator.
Financing	The Parties acknowledge that the City has not yet identified a source of financing for the Transaction. The City must identify a definitive source by December 31 st , 2015. If the City chooses to finance the Transaction through bond issuance, such bond referendum must be approved by

	December 31 st , 2015.
Earnest Money	Upon execution of a definitive purchase and sale agreement, the City shall pay the State a nonrefundable deposit of \$2 million (Two Million Dollars).
Morehead Tract	The 7.3 +/- acres on the Morehead School campus north of Western Boulevard known as the Morehead Tract are not part of the subject Property and will not be conveyed as part of the Transaction. The State agrees to grant an easement on the Morehead Tract for connectivity between Pullen Park and the Property.
Fair Market Value	The Parties agree that the Transaction is for fair market value.
Compliance/ Approval	The Transaction is subject to compliance with all federal and State laws governing the disposition of State-owned Property and the approval of the Raleigh City Council and the North Carolina Council of State.
Non-Binding Agreement	The terms in this document are not binding upon the Parties and the Parties do not intend to be bound prior to the execution of a definitive purchase and sale agreement, which agreement must be approved in its final form by the Raleigh City Council and the North Carolina Council of State.